

SENATE JOINT RESOLUTION NO. 9

INTRODUCED BY D. WANZENRIED

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM STUDY OF THE STUDENT ~~LOAN~~ FINANCIAL ASSISTANCE SYSTEM IN MONTANA AND REQUIRING THAT THE FINAL RESULTS OF THE STUDY BE REPORTED TO THE 62ND LEGISLATURE.

WHEREAS, problems in the national guaranteed student loan secondary market relative to the auction-rate bond market have impacted the Montana Higher Education Student Assistance Corporation, a private, nonprofit corporation providing a secondary market for student loans in Montana, and its affiliate the Student Assistance Foundation and have raised concerns about the availability of loan funds for Montana students; and

WHEREAS, the Montana Guaranteed Student Loan Program is a state agency under the management of the Montana Board of Regents through the staff of the Commissioner of Higher Education; and

WHEREAS, institutions of the Montana University System have also taken part in the Federal Direct Student Loan Program; and

WHEREAS, recent federal legislation is expected to provide relief to guaranteed student loan lenders for the 2008-2009 academic year and additional changes in federal student loan programs are anticipated; and

WHEREAS, the availability of student loans in Montana has a major impact on the entire student assistance and financial aid program for Montana resident students, which is funded with \$23.8 million of general fund money in the 2009 biennium; AND

WHEREAS, THE MONTANA HIGHER EDUCATION STUDENT ASSISTANCE CORPORATION, THE MONTANA FAMILY EDUCATION SAVINGS PROGRAM OVERSIGHT COMMITTEE, THE STUDENT LOAN ADVISORY COUNCIL, AND THE GOVERNOR'S POSTSECONDARY SCHOLARSHIP ADVISORY COUNCIL EACH WORK WITH AND ADVISE THE BOARD OF REGENTS ON DIFFERENT ASPECTS OF STUDENT FINANCIAL ASSISTANCE FOR MONTANA RESIDENTS.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

1 That the Legislative Council be requested to designate the Legislative Finance Committee, pursuant to
2 section 5-5-217, MCA, or to direct sufficient staff resources, to study and make recommendations upon:

3 (1) THE CUMULATIVE AVAILABILITY AND AMOUNT OF ALL SOURCES OF FINANCIAL AID TO MONTANA STUDENTS;

4 ~~(4)(2)~~ the student loan system in Montana with a specific focus on an analysis of the Guaranteed Student
5 Loan Program, particularly its costs and benefits and how the program is working in Montana, along with a
6 comparative analysis of the Federal Direct Student Loan Program, particularly its costs and benefits and how that
7 program could work in Montana;

8 ~~(2)(3)~~ the student assistance financial aid programs in Montana with a specific focus on THE AVAILABILITY
9 AND UTILIZATION OF FINANCIAL AID TO MONTANA STUDENTS AND ON the analysis of LOAN DEFAULT RATES AND options
10 for identifying ~~the optimum level~~ MANAGEABLE LEVELS of student debt load for Montana resident students in order
11 to identify APPROPRIATE funding benchmarks for student financial assistance and tuition; and

12 ~~(3)(4)~~ the policy options related to state funding of need-based financial aid versus merit-based financial
13 aid for Montana resident students; AND

14 (5) THE GOVERNANCE STRUCTURE AND EFFICIENCY OF THE BOARDS, COMMITTEES, AND COUNCILS THAT MAKE
15 RECOMMENDATIONS TO AND ADVISE THE BOARD OF REGENTS ON STUDENT FINANCIAL ASSISTANCE PROGRAMS WITH A
16 FOCUS ON IMPROVING EFFICIENCIES AND EFFECTIVENESS IN THE GOVERNANCE MODELS TO ENHANCE ACCESS TO
17 FINANCIAL RESOURCES BY MONTANA RESIDENT STUDENTS.

18 BE IT FURTHER RESOLVED, that this study and its recommendations be contained in a report to be
19 presented to and reviewed by the Legislative Finance Committee prior to September 15, 2010, that includes:

20 (1) policy options for the Legislature to consider, including whether the state should continue with the
21 Guaranteed Student Loan Program and, if so, whether any changes are recommended to that program including
22 additional governmental oversight relative to the Montana Higher Education Student Assistance Corporation or
23 whether the state should change to the Federal Direct Student Loan Program, together with an outline of the
24 process required in order to effectuate the change; ~~and~~

25 (2) an assessment of the change to the Federal Direct Student Loan Program on primary and secondary
26 student loan providers in Montana, particularly the Montana Higher Education Student Assistance Corporation;
27 AND

28 (3) RECOMMENDATIONS ON A STREAMLINED GOVERNANCE STRUCTURE OF STUDENT FINANCIAL ASSISTANCE
29 PROGRAMS THAT ENHANCE ACCESS TO FINANCIAL RESOURCES BY MONTANA RESIDENT STUDENTS.

30 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,

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